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FM AMEMBASSY SANTIAGO  
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SECSTATE WASHDC PRIORITY 4503  
INFO AMEMBASSY LIMA  
HQ USSOUTHCOM MIAMI FL  
DIA WASHDC  
JOINT STAFF WASHDC

C O N F I D E N T I A L SANTIAGO 000167

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TAGS: [PGOV](#) [PREL](#) [OVIP](#) [MASS](#) [MARR](#) [CI](#)  
SUBJECT: CHILE SCENESETTER FOR CHAIRMAN OF JOINT CHIEFS OF  
STAFF ADMIRAL MIKE MULLEN

Classified By: EPOL COUNSELOR TIM STATER FOR REASONS 1.4(B/D). SUMMARY -----

- [1](#)1. (C) The U.S. Mission in Santiago welcomes your visit to Chile on March 2-3. Your presence is an excellent opportunity to further strengthen
- [1](#)2. (C) Chile continues to promote "the Chilean way" through free trade agreements, closer ties with like-minded countries, and new areas of cc  
Concertacion Still in Power After 19 Years -----
- [1](#)3. (U) Chile's center-left coalition government, known as the Concertacion, has been in power continuously since the end of Pinochet's militar
- [1](#)4. (SBU) The Concertacion will face a test of its popularity in the presidential and parliamentary elections to be held in December. Oppositic  
Chile on the International Stage -----
- [1](#)5. (SBU) Bachelet performs well on the international stage and has contributed to Chile's rising international stature. In September 2008, she
- [1](#)6. (C) During the first visit of a Chilean head of state to Cuba in nearly 40 years (February 10-13), however, President Bachelet suffered her  
Chile's Strong Economy Being Tested by Financial Crisis -----
- [1](#)7. (U) Chile is fortunate to be in a strong economic position as the global financial crisis unfolds. The country maintains a budget surplus (
- [1](#)8. (U) A decline in copper prices at the end of 2008, an economic downturn, and a likely rise in unemployment top the list of Chilean economic  
The U.S. and Chile: Strong and Increasing Trade -----
- [1](#)9. (U) The U.S. and Chile implemented an FTA in 2004, which has achieved impressive results in the bilateral trading relationship. The U.S. is
- [1](#)10. (SBU) Despite this FTA success, some economic sticking points between the U.S. and Chile remain. Chile is on the Special 301 Priority Watc  
The U.S. and Chile: Partners Across the Board -----
- [1](#)11. (U) The U.S. and Chile continue to partner on a broad set of initiatives, including education, scientific research, and military-military
- [1](#)12. (U) In June 2008, President Bachelet and Governor Arnold Schwarzenegger launched the Chile-California Partnership for the 21st Century. Th  
Facing a Serious Energy Crisis -----
- [1](#)13. (SBU) Chile continues to face a serious energy crisis which, at least in the shorter-term, is being addressed by industry making adjustmer
- [1](#)14. (SBU) Chile is building liquid natural gas (LNG) terminals, but natural gas supplies will still be subject to fluctuations in price and av
- [1](#)15. (SBU) The GOC clearly recognizes the need to reduce energy consumption, increase energy efficiency, and explore the full range of energy s
- [1](#)16. (SBU) President Bachelet, and nearly every minister with whom the Ambassador has met since his arrival, have emphasized that Chile welcome  
Outstanding Mil-Mil Cooperation -----
- [1](#)17. (C) The Bachelet administration is interested in strengthening mil-mil rels
- [1](#)18. (C) In April 2008, Minister of Defense Goni and the Secretary of Defense discussed defense and security issues in Washington, D.C. Both ag
- [1](#)19. (C) During his trip to the U.S., Minister Goni also visited the Western Hemisphere Institute for Security Cooperation (WHINSEC) to better
- [1](#)20. (C) Goni noted that the pending transfer of the oiler USNS Andrew J. Higgins was important to Chile's overall defense position. The Secret  
NO SOFA -----
- [1](#)22. (C) Chile does not have a Status of Forces Agreement (SOFA) with any country. T he U.S. and Chile exchanged diplomatic notes to provide li
- [1](#)23. (C) Before entering into formal SOFA-related discussions with the U.S., the GOC must first enact a law granting the executive branch the s
- [1](#)24. (C) In March 2007, Chile endorsed the Proliferation Security Initiative (PSI), participated in May 2008 PSI exercises, and is considering  
New South American Defense Council -----
- [1](#)25. (U) The proposed South American Defense Council (SADC) would be an integrated defense alliance of Union of South American Nations (UNASUR)  
ICC Ratification Near, But No Article 98 -----
- [1](#)26. (C) Chile has signed but not yet ratified the International Criminal Court Rome Statute. The Bachelet Administration and the Concertacion  
Helping in Haiti -----
- [1](#)27. (C) Chile self-deployed a battalion to Haiti on 48 hours notice in February 2004. In May 2008, Chile's Cc  
Showing Peacekeeping Leadership -----
- [1](#)29. (SBU) Chile has contributed small contingents to UN missions in Cyprus, Bosnia and Kosovo, in addition to the troops and engineers current
- [1](#)30. (SBU) The USG has supported Chile's PKO contribution in Haiti through FMF. We provided helmets, flak jackets and other accessories, vehicl  
Military Sales and Transfers -----
- [1](#)31. (C) In March 2007, the U.S. delivered the last two of ten new Block 52 F-16 fighter aircraft--the first major purchase of U.S. equipment s
- [1](#)32. (C/NF) After being offered the USG grant of two Excess Defense Article (EDA) KC-135E refueling aircraft for USD 42 million, the FACH inste
- [1](#)33. (C) Additionally, the Chilean Ministry of the Interior may be to be interested in a medium-lift helicopter for domestic missions, with bot
- [1](#)34. (C) With regards to space, the FACH has expressed interest in training and education in space operations and information on other cooperat
- [1](#)35. (SBU) The Army and Navy are also considering significant purchases of U.S.-manufactured systems. In 2006, the Chilean Army received 72 of
- [1](#)37. (C) In 2007, the Chilean Navy took possession of the second of two Scorpene Class submarines built by a French/Spanish consortium (DCNS of  
Unusual Copper Law -----
- [1](#)38. (SBU) Chilean law requires that 10 percent of earnings from the state-owned copper company, Codelco, be set aside for the Chilean Armed Fc